

HANDWRITTEN NOTE ATTACHED TO THIS LETTER IS STORED AS: CD8809.PCX

July 26, 1988

CD-88-09 (LD)

Dear Manufacturer:

Subject: Fuel Economy Label Information for 1989 Model Year

Enclosed with this letter are the following documents designed to guide you in your 1989 model year fuel economy program.

Enclosure 1 - "Fuel Economy Supplementary Information for 1989 Model Year" contains the fuel cost, Gas Guzzler Tax schedule, and fuel economy range information necessary to print the fuel economy labels.

Enclosure 2 - "Timetable" contains the timetable for inclusions of label values in the 1989 model year Gas Mileage Guide.

This letter establishes official 1989 model year fuel costs which are different than the interim values used by some manufacturers. EPA is allowing manufacturers to optionally continue using the interim values on currently approved labels until the scheduled update to include the ranges of comparable vehicles on fuel economy labels (September 18, 1988). Manufacturers may optionally update their currently approved labels to include these new fuel costs sooner. All labels approved after August 5, should use the new fuel costs.

To facilitate the correction of the annual fuel cost of approved label values in EPA's computer data base, EPA will not accept new labels August 4 and 5, 1988. During this time EPA will update the data base. Following this two day period, additional label approvals will be accepted only if the new fuel costs are used.

Please direct any further questions on these subjects to your certification team.

Sincerely yours,

Robert E. Maxwell, Director
Certification Division

Office of Mobile Sources

Enclosures

7004b

ENCLOSURE 1

Fuel Economy Supplementary Information
for 1989 Model Year

1989 Annual Fuel Cost

Fuel cost estimates for 1989 are based on 15,000 annual vehicle miles and fuel cost of \$0.95/gallon for regular unleaded gasoline, \$1.10/gallon for premium unleaded gasoline, and \$.90/gallon for diesel fuel. The fuel cost will be calculated using the adjusted combined mpg (the .55/.45 weighting of the adjusted city and highway FE's, then rounded to a whole mpg).

These fuel cost figures were only recently made available and some manufacturers may have approved labels using the interim 1989 model year values which are different. EPA will allow the change to the new values to be delayed until labels are updated to include the ranges of comparable vehicles (September 18, 1988). Manufacturers may optionally update their labels to include these new fuel costs sooner.

Fuel Economy Ranges

The publication of the initial ranges as required by 40 CFR 600.314-86(d) will occur at the same time the Guide is released for publication. These ranges shall be applied to all vehicles manufactured more than 15 days after the ranges are available [Ref.: 40 CFR 600.306-86(b)].

Pursuant to 40 CFR 600.314-86(d) we will publish an updated version of all the ranges early in February 1989. This corresponds to the historical date of the second edition of the Guide. All vehicles must be labeled with the updated ranges within 15 days.

Labels issued after release of the initial or updated ranges

should include the latest available range of fuel economy for that class of vehicle. After the ranges are initially available, the computer issued receipt will contain the ranges. The receipt will be automatically generated for manufacturers electronically transmitting FE data; other manufacturers can obtain this receipt from your certification team representative after the FE data has been entered. Separate ranges of adjusted city and highway FE values will be given.

Release Date

EPA will consider manufacturer-calculated label values as confidential until the release date specified by the manufacturer. The release date should be the date of introduction or press release or inclusion in the fuel economy Guide, whichever is earlier.

1989 Gas Mileage Guide

It is EPA's intention to include in the Guide all manufacturers' approved label values received by August 22 and, to the extent possible, all label values received before the Guide is sent to DOE on September 2. If the manufacturer wishes to exclude a model type from the Guide, he should explain the basis for his request to EPA. Otherwise, all release dates of labels received before the Guide compilation date should have a release date of September 2, or earlier.

Gas Guzzler Tax

If, according to your calculations, one or more of your model types are subject to the Gas Guzzler Tax, those model types are noted by the word "Guzzler" in the engine description section of the enclosure entitled "1989 Fuel Economy Guide." This term will also appear in the Gas Mileage Guide and will reference an explanatory test.

The total amount of tax is determined by the Internal Revenue Service (IRS). The manufacturer is responsible to IRS for reporting and paying the Gas Guzzler Tax. The tax shown in the table below must be used on the label unless the manufacturer has been granted an alternative tax rate schedule. However, IRS may audit your records and make their own determination about your tax liability. If IRS determines a different tax rate after the model year, you will not be required to relabel unsold

vehicles.

Use the following table to determine the tax liability for "Guzzler" model types.

MPG* is at least:		TAX
21.5 but	22.5	\$ 500
20.5 but	21.5	650
19.5 but	20.5	850
18.5 but	19.5	1,050
17.5 but	18.5	1,300
16.5 but	17.5	1,500
15.5 but	16.5	1,850
14.5 but	15.5	2,250
13.5 but	14.5	2,700
12.5 but	13.5	3,200
less than	12.5	3,850

* Combined unadjusted model type fuel economy

7004b

ENCLOSURE 2

Timetable

This enclosure is the timetable for including data in the 1989 Gas Mileage Guide and for the calculation and release of updated fuel economy ranges:

A. Gas Mileage Guide

Task	Significant Dates	Responsibility
I. Complete emission certification requirements for all model types to be included in the Guide.	August 22	Manufacturer
II. Notify EPA of self-approval of	August 22	Manufacturer

all general label fuel economy values for all model types to be included in the Guide.

- | | | |
|--|-----------|--------------|
| III. Compile a list (for each manufacturer) of descriptions, fuel economy values, etc., of all model types to be included in the Guide and transmit to manufacturers for their review. | August 22 | EPA |
| VI. Complete review of all information provided in "III" above and notify EPA of necessary corrections or concurrence. | August 30 | Manufacturer |

B. Fuel Economy Ranges

- | | | |
|--|--------------|--------------|
| I. Release to manufacturers the fuel economy ranges to be used on fuel economy labels. | September 2 | EPA |
| II. Ranges required to be included on labels as of this date. | September 18 | Manufacturer |

EPA will convey the necessary information to DOE on September 2, 1988